BRITISH COLUMBIA

BC STATS

Service BC
Ministry of Labour & Citizens' Services

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue 07-13 March 30th, 2007

- **BC gains migrants from Alberta for first time since 2004 as population grows 1.3% in late 2006**
- **Sawmill production drops 9.3% in January**
- **Nine out of ten Canadians are news hounds**

Population

- **British Columbia's population stood at 4,338,106 on January 1st, as growth remained steady (+1.3%, year-over-year) during the fourth quarter of 2006.** Net international migration continued to swell the population, accounting for just over half of the population growth in the fourth quarter. However, the net inflow of immigrants (5,696) was the smallest since the fourth quarter of 2002 and was down significantly from the same quarter of 2005 (-15.5%).

  The province lost over 11,000 residents to other provinces, while simultaneously acquiring nearly 14,000, for a net gain of 2,724 residents from other parts of Canada. BC drew migrants from all regions except Saskatchewan and Atlantic Canada, with Ontario (1,319) and Quebec (545) being the biggest net donors. For the first time since the second quarter of 2004, the province recorded a small net gain (422 people) from Alberta.

  Migrants from BC continued to be attracted, together with other Canadians, by the magnetic force of Alberta's hot economy. There was a substantial net inflow of 11,813 people to Alberta from across Canada at the end of last year. With the exception of BC and Saskatchewan, all regions lost more people to Alberta than they gained. Other than Alberta and BC, Saskatchewan (with a net inflow of 1,086) was the only other province that did not see a net loss to interprovincial migration.

  Data Source: BC Stats

- **Canada's population grew 1.0% during the twelve month period ending on January 1st, with Alberta well in advance of the rest of the pack, posting a 3.3% gain.** Other than Alberta, BC (+1.3%) was the only province to see stronger than average population growth, while Nova Scotia (-0.2%), New Brunswick (-0.3%) and Newfoundland & Labrador (-0.7%) were the only provinces to experience declines. Ontario's population reached 12,726,336 (+0.9%) at the beginning of the year, and Quebec saw its numbers climb 0.7% (to 7,676,097).

  Data Source: Statistics Canada

The Economy

- **Production at sawmills and planing mills in BC was significantly lower (-9.3%) in January than in the same month last year.** Mills in the interior produced 7.2% less lumber while coastal mills cut output by 23.1%. Canadian production was also down (-11.7%), largely because of slowed activity in Quebec (-22.5%).

  Data Source: Statistics Canada

- **Prices for BC softwood lumber continued to drop in February, falling to 3.4% below the February 2006 level.** The price of interior lumber (-6.9%) was significantly lower, outweighing an increase in that of coastal lumber (+5.9%).

  Data Source: Statistics Canada

- **The number of British Columbians receiving regular employment insurance (EI) benefits dropped (-4.2% *seasonally adjusted*) to 38,680 in January.** Nationally, the number of EI beneficiaries inched down 0.2%. Total recipients declined in most provinces managing to offset a significant increase in Ontario (+2.2%).

  Data Source: Statistics Canada

- **Restaurant, caterer and tavern receipts in the province climbed in January (+2.4% *seasonally adjusted*), building on a similar gain in December.** Drinking places took in substantially less (-8.3%), but food service establishments had a much more lucrative month

Report

2006 in Review: A look at Some Key Economic Indicators

Did you know...
When photographing a group of 30 people, about 30 shots are needed to ensure that nobody in the group will have their eyes closed. *Source: Ig Nobel Prize, 2006, Improbable Research*

(+3.2%). Canadian establishments also fared relatively well (+1.1%) although revenues at drinking places were down (-1.7%).

Data Source: Statistics Canada & BC Stats

Chinese Canadians

- **With more than a million people, the Chinese community was the largest non-European ethnic group in Canada in 2001, and Chinese (including all dialects) was the third most common mother tongue, after English and French.** Chinese Canadians are a fast-growing ethnic group: the number of people who said they had Chinese origins rose 19% between 1996 and 2001, nearly five times the overall population growth (4%) during this period.

  Ontario was the province with the largest Chinese community, with a total of 518,600 people identifying themselves as Chinese in the 2001 Census. BC (373,800) had the second-largest Chinese community, followed by Alberta (108,100). Most (348,000) of BC's Chinese Canadians live in the Vancouver area. While just under 4% of all Canadians were Chinese, the rate was more than double that (10%) in BC. Ontario (5%) and Alberta (4%) were the provinces with a large Chinese community in 2001.

  Nearly three-quarters (72%) of Chinese Canadians were born outside Canada, compared to 18% of all Canadians who were foreign-born. Most came from Mainland China (45%), while 30% were born in Hong Kong and 10% were from Taiwan.

  Chinese Canadians tend to be highly educated. Twenty-seven percent had either a bachelor's or post-graduate degree in 2001, nearly double the rate for the total adult population (15%).

  Data Source: SC, Catalogue 89-621-XIE

Media

- **Most Canadians (89%) followed news and current affairs frequently (daily or several times a week) in 2003.** Ninety-one percent of frequent media users indicated television as a source of gathering information on news and current affairs, while many also relied on newspapers (70%), radio (53%), the Internet (30%) and magazines (23%). Individuals aged 65 and over (95%) were more likely to follow the news on a frequent basis than were young adults aged 19 to 24 (79%).

  Data Source: SC, Cat. 11-008-XWE

Literacy and Employment

- **Literacy scores among men and women who dropped out of high school are significantly below those of graduates.** Generally, literacy has a very positive effect on income and employability. Literacy scores among both graduates and non-graduates were consistently higher for women than for men in all employment categories. Having a disability did not significantly influence the employability of men who had dropped out of high school, whereas it had adverse effects for women. The likelihood of dropping out was significantly higher for Aboriginal men (14 points higher) and women (13 points higher) than for their non-Aboriginal counterparts. Parents of children who had graduated from high school tended to be more educated than those whose offspring had dropped out, averaging between two and three additional years of schooling.

  Source: SC Cat. # 75-001-XIE

The Nation

- **The Canadian economy inched ahead in January, expanding 0.1% *(seasonally adjusted)* following two months of solid growth.** The slower growth was largely due to a relatively lacklustre performance in the service sector, where GDP rose just 0.1%. Finance, insurance & real estate, the biggest industry in the service sector, continued on a steady upward track (+0.4%) but other large industries, including transportation & warehousing (-0.1%), education (-0.1%), retail trade (-0.2%), and information & cultural services (-0.3%) all posted declines.

  In the goods sector, growth continued unabated, with a 0.2% overall increase. Manufacturing fell back a substantial 1.0%, but other industries saw substantial gains, ranging from 0.5% in construction to 1.7% in mining, oil & gas extraction, as well as agriculture, forestry & fishing.

  Data Source: Statistics Canada

***Infoline** Issue: 07-13*
March 30th, 2007

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

Issue: 07-13
Mar. 30, 2007

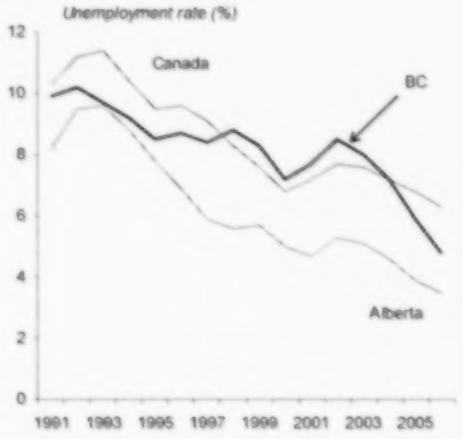
Contact: Lillian Hallin (250) 387-0366
Originally published in *Business Indicators* Issue 07-02

2006 in Review: A look at Some Key Economic Indicators

Preliminary data for 2006 are now available, and although provincial gross domestic product (GDP) figures[1] will not be released until the end of April, most indicators suggest that 2006 will go on record as another year of solid growth in the BC economy. There are signs that the frenetic pace of growth seen in some sectors of the economy earlier this decade may be slowing, but BC appears to be well-positioned relative to other provinces and is likely to remain a key source of economic growth in Canada.

Labour Market

BC's unemployment rate dropped to an historic low in 2006



Data Source: Statistics Canada

British Columbia's unemployment rate dipped to its lowest level (4.3%) in at least 30 years[2] in June and again in January of 2007. The unemployment rate has been declining as job gains have consistently outpaced labour force growth during the last four years. 2006 was no exception: the number of people with jobs in BC increased 3.1%, well above the 1.8% expansion in the number of people who were available for work. Both public (+5.8%) and private (+3.4%) sector employment rose substantially during 2006. Most of the new jobs involved full-time employment, and full-time job growth (+3.3%) exceeded the increase in part-time work (+2.0%) for a fourth consecutive year.

Both goods and service sector workers benefited from strong demand for their services. However, last year, service sector employment growth (+3.2%) outstripped gains in the goods sector (+2.5%) for the first time since 2001.

Employment growth in BC was stronger than in any other province except Alberta (+4.8%), which is currently in the throes of a labour shortage, as the supply of workers is not able to keep pace with the demand for labour in a booming resource-based economy.

Although BC's labour market has not reached the state faced by our neighbouring province, labour shortages are becoming problematic in some parts of the province. Nineteen percent of manufacturers surveyed early this year indicated that they expected a shortage of skilled labour to be a source of production difficulties, up substantially from 13% at the beginning of 2006. Similarly, the percent expecting to face difficulties as a result of a shortage of unskilled labour has nearly doubled, rising from 6% to 11% during the last year.

[1] GDP is the definitive measure of economic growth, which takes into account economic activity in all sectors of the economy.
[2] Provincial labour force data is not available prior to 1976.

Wage inflation is not a significant issue in this province, but workers' earnings are climbing. Average hourly wages in the province rose 2.8% last year, outpacing the increase in the overall price level. In Alberta, the average hourly wage increased 6.9%, marking the second straight year that wages have risen more than six percent in that province. Workers in Alberta now have the highest average hourly wages ($21.12) in the country, while BC ($19.91) is ranked third, after Ontario ($20.65). The Canadian average hourly wage was $19.72 in 2006.

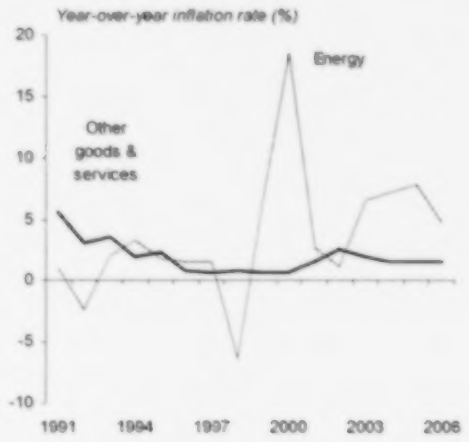
BC's labour income figures reflect strong job growth as well as higher wages, with workers' pay packets rising 8.3% during 2006. Alberta (+12.5%) was the only province where labour income increased more than in BC[3]. The national increase (+6.1%) reflected strong growth in the western provinces, and solid, but significantly lower, gains in both Ontario and Quebec. Strong growth in labour income usually translates into GDP growth, since labour income accounts for about 50% of total GDP.

Prices

Although consumers faced rising prices for many goods and services, the province's overall inflation rate moderated slightly during 2006, to 1.8%. This was the first time since 2001 that BC's inflation rate has been less than two percent. Energy costs were a source of inflationary pressure during 2006, but to a lesser extent than in previous years. Overall, the cost of energy products rose 4.7% in 2006, while prices for other goods and services advanced 1.5%. The cost of owning a home also increased significantly (+3.0%) as property taxes, insurance premiums, repair and maintenance, and other charges took more out of the household budget.

[3] Newfoundland's 29.1% increase in labour income during 2006 was largely due to the effect of a payment made to reduce the actuarial deficit of a pension plan. Excluding this one-time adjustment, Newfoundland's labour income would have increased about 4.6% during 2006.

Energy prices remained an inflationary factor in 2006



Data Source: Statistics Canada

The overheated state of the Alberta economy was reflected in its relatively high inflation rate (3.9%), but most other provinces saw prices increase at rates similar to the national average of 2.0%.

BC softwood lumber prices slumped for a second straight year, but paper manufacturers saw the price of their products increase modestly in 2006.

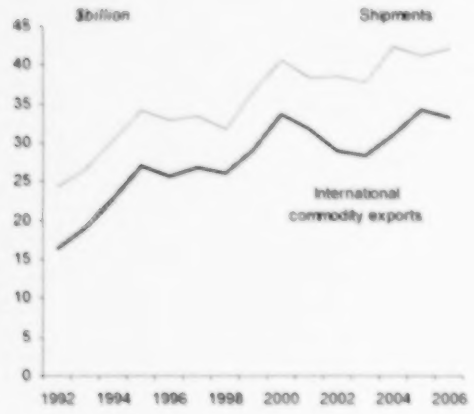
Base metal prices, especially for copper and precious metals, rose significantly during 2006, building on strong gains in recent years. However, the price of molybdenum fell for the first time since 2001.

Manufacturing and exports

BC manufacturing shipments recovered from a downturn in 2005, expanding 2.4% during 2006 despite weakness in some key industries. The value of shipments by the wood industry fell for a second straight year, but some of the decline was price-related. Paper shipments rose a relatively modest 0.8%, suggesting that 2006 was not a particularly good year for the forest sector as a whole. However, other manufacturers

fared better, and this was more than enough to offset the weakness in the forest products sector. Not surprisingly, given the recent rise in metal prices, producers of metal products posted solid gains during 2006, including a whopping 48.0% jump in the value of shipments by the primary metals industry. Other important manufacturing industries, including food, beverages and computer and electronic products, also recorded strong growth during 2006.

Shipments were up slightly, but commodity exports slipped in 2006



Data Source: Statistics Canada

The Canadian manufacturing sector did not fare well in 2006, largely because of a slump in the dominant transportation sector (-7.4%), which accounts for about a fifth of the total value of shipments nationally. The Canadian wood and paper industries were also in the doldrums, and overall shipments dropped 0.5% during 2006. Shipments by Ontario manufacturers fell for the third time in four years.

Since many manufactured products are destined for sale outside the country, the downturn in manufacturing at the national level was reflected in the value of Canadian commodity exports, which rose just 0.5% during 2006.

International shipments of BC products were down 2.3%. Wood and paper, which remain BC's principal export products, fell 3.5%, contributing significantly to the decline in the overall value of exports. This marked the fifth time in the last six years that the value of forest product exports has declined.

The relative importance of the forest sector in BC's international trade is diminishing. Last year, forest products accounted for 39% of the total value of international commodity exports, well below the 55-60% share that forest products had during the early 1990s. This long-run decline has occurred largely because international markets for other types of BC products have been growing, outpacing modest increases in the value of forest product exports during the last decade and a half.

Trade in services, and trade with other provinces, play a big role in the province's overall export picture, but data on these transactions is not yet available.

Consumer spending

Retailers in the province had another good year in 2006, posting a 6.5% increase in the value of sales, well in excess of the overall inflation rate (1.8%). Retailers of furniture and appliances, as well as home centres, had a particularly good year, as they were able to cash in on the province's new housing boom. Department, shoe and clothing stores also did a brisk business, and sales by retailers of computers and software products were up significantly.

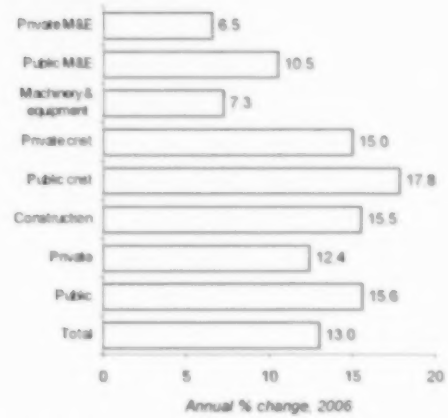
Gas stations increased the value of their sales, but this was partly due to higher prices at the pump. While the number of new cars driven off car lots in the province rose 4.4% in 2006, the receipts of new vehicle retailers increased just 1.1%, suggesting that consumers were either buying less expensive vehicles, or were able to benefit

from special incentives offered by auto manufacturers seeking to reduce their inventory levels. BC and Alberta, where retail sales increased at double-digit rates (+16.2%) for a third straight year, were the only provinces where sales growth exceeded the national average of 6.4%.

Investment

Private and public sector investment in the province increased 13.0% during 2006, as spending on new construction (+15.5%) and machinery & equipment (+7.3%) continued to rise. Although manufacturing and primary industries cut back their spending on new plant and equipment, investment expenditures by most other industries increased at double-digit rates.

Private and public sector investment increased substantially in 2006



Data Source: Statistics Canada

BC, Alberta (+15.7%) and Manitoba (+14.2%) were the only provinces to post double-digit investment growth in 2006. Canadian investment spending was up 8.8%, largely because of strong growth in western Canada. Ontario, Quebec and other regions posted more modest increases.

Housing

Work began on 36,525 new housing units in the province in 2006, an increase of 5.8% over the previous year. Although the frenetic pace of new housing construction has slowed since the early 2000s, BC, together with the other western provinces, continued to see a boom in new housing construction during 2006. Alberta led the way with a 20.4% gain, followed by Saskatchewan (+11.6%). The national increase was just 2.0% as both Quebec and Ontario posted declines in new housing starts.

Tourism

The province's tourism sector had another year of solid growth, with room revenues advancing 7.8%[4] during 2006 while restaurant, caterer and tavern receipts rose 6.6%. Airports in Vancouver and Victoria were both busier than in 2005, but vehicle traffic on the Coquihalla highway declined, and BC Ferries saw vehicle and passenger traffic drop off during 2006. The number of travellers entering Canada via BC borders fell 5.2%, with fewer visitors from the US as well as overseas markets.

The final verdict...

The final verdict on BC's economic performance during 2006 won't be in until late April, when Statistics Canada releases preliminary GDP estimates for the provinces. However, based on the data available at this point, it is likely that the numbers will show that BC had another good year, and should remain near the front of the pack of provinces in terms of its economic growth.

Historically, Ontario and Quebec have been the dominant economic forces in Canada, and have played a major role in determining the country's economic fortunes. How-

[4] This is a preliminary estimate and will be revised

ever, there are some signs that the balance of economic power may be changing.

The indicators examined in this article suggest that the Ontario economy showed some weakness last year, and Quebec was not a top performer either. Despite this, the Canadian economy posted solid growth of 2.7% in 2006. It is likely that much of the increase will eventually be linked to strong economies in western Canada, particularly Alberta and BC, which now generate about a quarter of the nation's gross domestic product, more than the province of Quebec, but substantially less than Ontario's 42% share.

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Infoline

March 30, 2007
Issue 07-13

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BC at a glance . . .

POPULATION (thousands)	Oct 1/06	% change on one year ago
BC	4,327.4	1.2
Canada	32,730.2	1.0
GDP and INCOME (Revised Nov 8)		
(BC - at market prices)	2005	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	168,855	7.2
GDP *($ 1997 millions)*	145,501	3.7
GDP *($ 1997 per Capita)*	34,173	2.4
Personal Disposable Income *($ 1997 per Capita)*	20,983	2.4
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jan	3,470	-0.4
Merchandise Exports - Jan	2,747	-0.4
Retail Sales - Jan	4,559	1.5
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Feb 2007)	one year ago	% change
BC	2.2	1.8
Vancouver	2.8	2.1
Victoria	1.8	1.6
Canada	2.0	1.9
LABOUR FORCE (thousands)		
(seasonally adjusted)	Feb '07	% change on prev. month
Labour Force - BC	2,347	-0.2
Employed - BC	2,253	0.1
Unemployed - BC	95	-7.1
		Jan '07
Unemployment Rate - BC *(percent)*	4.0	4.3
Unemployment Rate - Canada *(percent)*	6.1	6.2
INTEREST RATES (percent)	Mar 21/07	Mar 22/06
Prime Business Rate	6.00	5.50
Conventional Mortgages - 1 year	6.40	6.05
- 5 year	6.49	6.45
US/CANADA EXCHANGE RATE	Mar 21/07	Mar 22/06
(avg. noon spot rate) Cdn $	1.1578	1.1653
US $ *(reciprocal of the closing rate)*	0.8654	0.8576
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Feb '07	% change on one year ago
BC	743.33	3.7
Canada	733.94	2.5

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

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- Migration Highlights, 4th Quarter 2006
- Immigration Highlights, 4th Quarter 2006

Next week

- Small Business Quarterly, 4th Quarter 2006
- Tourism Sector Monitor, March 2007
- Labour Force Statistics, March 2007
- Earnings & Employment Trends, March 2007

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